



## Senate

General Assembly

February Session, 2016

**File No. 25**

Senate Bill No. 36

*Senate, March 10, 2016*

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

***AN ACT CONCERNING HEALTH INSURANCE COVERAGE OF ORALLY AND INTRAVENOUSLY ADMINISTERED MEDICATIONS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. (NEW) (*Effective January 1, 2017*) Each insurance company,  
2       hospital service corporation, medical service corporation, health care  
3       center, fraternal benefit society or other entity that delivers, issues for  
4       delivery, renews, amends or continues in this state individual health  
5       insurance policies providing coverage of the type specified in  
6       subdivisions (1), (2), (4), (11) and (12) of section 38a-469 of the general  
7       statutes and that provide coverage for intravenously administered  
8       medications for the treatment or palliation or therapeutic intervention  
9       for the prevention of disabling or life-threatening chronic diseases  
10      shall provide coverage for orally administered medications for such  
11      treatment, palliation or intervention on a basis no less favorable than  
12      intravenously administered medications.

13      Sec. 2. (NEW) (*Effective January 1, 2017*) Each insurance company,  
14      hospital service corporation, medical service corporation, health care

15 center, fraternal benefit society or other entity that delivers, issues for  
16 delivery, renews, amends or continues in this state group health  
17 insurance policies providing coverage of the type specified in  
18 subdivisions (1), (2), (4), (11) and (12) of section 38a-469 of the general  
19 statutes and that provide coverage for intravenously administered  
20 medications for the treatment or palliation or therapeutic intervention  
21 for the prevention of disabling or life-threatening chronic diseases  
22 shall provide coverage for orally administered medications for such  
23 treatment, palliation or intervention on a basis no less favorable than  
24 intravenously administered medications.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>January 1, 2017</i>	New section
Sec. 2	<i>January 1, 2017</i>	New section

**INS**      *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

### **OFA Fiscal Note**

#### **State Impact:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 17 \$</b>	<b>FY 18 \$</b>
State Comptroller – Fringe Benefits (State Employees and Retiree Health Accounts)	GF, TF - Cost	See Below	See Below

GF & TF = General Fund and Special Transportation Fund

#### **Municipal Impact:**

<b>Municipalities</b>	<b>Effect</b>	<b>FY 17 \$</b>	<b>FY 18 \$</b>
Various Municipalities	Cost	See Below	See Below

### **Explanation**

The bill will result in a cost to the state employee and retiree health plan (state plan)<sup>1</sup> and municipalities for providing coverage for orally administered medications no less favorably than intravenously (IV) administered medications for certain diseases, which is uncertain. The cost to the state plan and municipalities will be the result of waiving or modifying co-pays or cost sharing for those individuals with certain diseases who are prescribed an orally administered medication for which there is an equivalent IV administered medication and for which a co-pay/cost sharing applies. The bill does not specify what diseases the cost parity applies to. Therefore, it is uncertain how many individuals this bill would apply to in the state plan or municipal plans and the resulting fiscal impact.

The state employee and retiree health plan covers medically

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<sup>1</sup> The state employee and retiree health plan is a self-insured health plan. Pursuant to federal law, self-insured health plans are exempt from state health mandates. However, the state has traditionally adopted all state health mandates. Total number of covered lives as of February 2016 was 212,133.

necessary oral and IV medications. IV medications are traditionally administered on an inpatient basis at a hospital or at an outpatient infusion center for which there is no co-pay and the costs are billed to the medical plan. In contrast, orally administered medications are traditionally administered at a pharmacy and billed to the pharmacy benefit plan and are subject to the following co-pays and cost sharing<sup>2</sup>:

	<b>Acute Medications- Participating Retail Pharmacy</b>	<b>Acute Medications- Non - Participating Retail Pharmacy</b>	<b>Health Enhancement Program Only- Chronic Condition- Related Maintenance Medications- Mail Order</b>	<b>Maintenance Medications (Mail Order Required after 1st 30 Day Fill at Retail Pharmacy)</b>
Generic	\$3 - \$5	20%	\$0	\$0 - \$5
Preferred Brand Name	\$6 - \$20	20%	\$5	\$0 - \$10
Non-Preferred Brand Name	\$6 - \$35	20%	\$12.50	\$0 - \$25

### **Municipal Impact**

As previously stated, the bill may increase costs to certain fully insured, municipal plans that do not currently adhere to the coverage requirements of the bill. The coverage requirements may result in an uncertain increased premium cost when municipalities enter into new health insurance contracts after January 1, 2017. In addition, many municipal health plans are recognized as “grandfathered” health plans under the federal Affordable Care Act (ACA).<sup>3</sup> It is unclear what effect the adoption of certain health mandates will have on the grandfathered status of certain municipal plans under ACA. Pursuant

<sup>2</sup> In general, co-pays are based on active versus retired status and date of retirement. There is no co-pay for orally administered chemotherapy. (Source: State Of Connecticut Pharmacy Benefit Plan as of July 1, 2014).

<sup>3</sup> Grandfathered plans include most group insurance plans and some individual health plans created or purchased on or before March 23, 2010.

to federal law, self-insured health plans are exempt from state health mandates.

For the purposes of the ACA the coverage provision included in the bill is not considered an additional mandate and therefore will not result in an additional state cost related to reimbursement for the mandate for those covered through the exchange plans.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to (1) inflation, (2) the number of covered lives in the state and municipal health plans, and (3) the utilization of services.

**OLR Bill Analysis****SB 36*****AN ACT CONCERNING HEALTH INSURANCE COVERAGE OF ORALLY AND INTRAVENOUSLY ADMINISTERED MEDICATIONS.*****SUMMARY:**

This bill requires certain health insurance policies that cover intravenously administered medications that treat, palliate, or therapeutically intervene to prevent disabling or life-threatening chronic diseases to also cover orally administered medications for the same purposes. Coverage for orally administered medications cannot be less favorable than coverage for the intravenously administered medications.

The bill applies to individual and group health insurance policies delivered, issued, renewed, amended, or continued in Connecticut that cover (1) basic hospital expenses; (2) basic medical-surgical expenses; (3) major medical expenses; or (4) hospital or medical services, including those provided by an HMO plan. Because of the federal Employee Retirement Income Security Act (ERISA), state insurance benefit mandates do not apply to self-insured benefit plans.

EFFECTIVE DATE: January 1, 2017

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable

Yea 14 Nay 5 (03/01/2016)